Health Care Reform Implementation Activities

Medical Loss Ratio

The NAIC is working towards developing standardized methodologies for calculating MLRs and uniform definitions of the types of expenses used in the calculation by June 1, as requested by HHS.

- The standards will define and classify expenses and activities that improve health care quality for MLR calculation purposes.
- They will be sufficiently rigorous to prevent abusive reclassification of administrative expenses, while providing the necessary flexibility to allow future innovation in quality improvement.
- These expenses must be designed to improve health care quality, reduce medical errors, reduce health disparities, and advance the delivery of patient-centered medical care in ways that can be objectively measured and verified.

Rate review

The NAIC is working on procedures to identify and review potentially unreasonable premium increases, as requested in the Affordable Care Act.

- Developing a list of factors that may identify a filing as unreasonable, for example:
  - Premium increase exceeds average increase in the market by X%,
  - Premium increase exceeds medical inflation by X%,
  - Premium increase results in a loss ratio below X%,
  - Premiums do not account for reduction in benefits, etc.
- Factors trigger submission of rate filing to HHS for review and recommendation on whether to include plan in Exchanges. The Secretary has no authority to deny a rate, but can use the media to highlight "excessive" rate increases.

The NAIC is also working with HHS on minimum standards for state rate review that will qualify as state for federal grant funds.

Market Reforms

- The NAIC has formed 12 new subgroups to develop guidance requested by the Affordable Care Act.
- NAIC is also reviewing all relevant model laws and regulations and will make any changes to models necessary to meet the standards in the new law.
- This will provide valuable guidance to state legislatures in adopting laws that bring states into compliance with the Act.

Fraud

- States have seen a surge in fraudulent activity attempting to take advantage of confusion surrounding the new law.
  - People selling fraudulent "ObamaCare" plans.
  - Marketing plans as grandfathered.
- States have undertaken a consumer education campaign to warn of these fraudulent plans.
- States are stepping up market surveillance and enforcement efforts to shut these fraudulent plans down.